

NOVEMBER/DECEMBER 2023

**FAIM22B/CAIM22B/BAIM22B —  
FINANCIAL ACCOUNTING — II**

Time : Three hours

Maximum : 75 marks

**SECTION A — (10 × 2 = 20 marks)**

Answer ALL questions.



1. What do you mean branch accounts?
2. Write any two objects of branch accounts.
3. Define departmental accounting.
4. Why need for departmental accounting?
5. Define hire purchase system.
6. What are the important terms in the hire purchase system?
7. What are the stages in partnership final accounts?
8. What is the purpose of profit and loss appropriation accounts?

(b) Mixed goods were purchased for Rs. 1,00,000 and later they were assorted into three categories X, Y, Z as follows:

X	1000 -	Selling price Rs. 20 each
Y	2000 -	Selling price Rs. 22.50 each
Z	2400 -	Selling price Rs. 25 each

All categories yield the same rate of profit. Calculate the purchase price of each category.

13. (a) On 1-1-86, X purchased machinery on hire purchase system. The payment is to be made Rs. 4,000 down (on signing of the contract) and Rs. 4,000 annually for three years. The cash price of the machinery is Rs. 14,900 and the rate of interest is 5%. Calculate the interest in each year's installment.

Or

(b) Mr. X purchased a machine on hire purchase system Rs. 3,000 being paid on delivery and the balance in five installment of Rs. 6,000 each, payable annually on 31<sup>st</sup> December. The cash price of the machine was Rs. 30,000. Calculate the amount of interest for each year.

of the third year. Interest is charged at 5% p.a. Calculate the total cash price of the typewriter and the amount of interest payable on each installment.

19. X and Y are partners in firm sharing profits and losses equally. On 1<sup>st</sup> January 1995, their capitals were Rs. 20,000 and Rs. 10,000 respectively. Interest on capital is to be allowed at 5% p.a. from profits prior to division thereof. The net profit for the year ending 31<sup>st</sup> December 1995, before allowing interest on capital amounted to Rs. 9,500. give the journal entries and prepare profit and Loss Appropriation account as on 31<sup>st</sup> December 1995, showing the division of profit between X and Y.

20. The following was the balance sheet of A and B on 31.12.83.

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	38,000	Cash at Bank	11,500
Mrs. A's loan	10,000	Stock-in trade	6,000
B's loan	15,000	Debtors	20,000
Reserve Fund	5,000	Less: Provision	1,000
A's Capital	10,000	Fixture and fittings	4,000

9. What is dissolution of a firm?
10. Write any two modes of dissolution.

**SECTION B — (5 × 5 = 25 marks)**

Answer ALL questions.

11. (a) Layal shoe company opened a branch at Madras on 1.1.89. From the following particulars, the Madras Branch account for the year 1989. Prepare Branch account.

	1989
	Rs.
Goods sent to Madras Branch	15,000
Cash sent to Branch for	
Rent	1,800
Salaries	3,000
Other expenses	1,200
Cash received from the branch	24,000
Stock on 31 <sup>st</sup> December	2,300
Petty cash in hand on 31 <sup>st</sup> December	40

Or

Liabilities	Rs.	Assets	Rs.
B's Capital	8,000	Plant and Machinery	28,000
		Investments	10,000
		P and L A/c	7,500
	<u>86,000</u>		<u>86,000</u>

The firm dissolved on 31.12.83 and the following was the result

- (a) A took over the investment at an agreed value of Rs. 8,000 and agreed to pay of the loan to Mrs. A.
- (b) The assets realised as follows:  
Stock Rs. 5,000, Debtors Rs. 18,500, Fixture and fittings Rs. 4,500 and plant and machinery Rs. 25,000
- (c) The expenses were Rs. 1,100
- (d) The sundry creditor were paid of less 2½% discount. A and B shared profits and losses in the ratio of 3 : 2 journalise the entries to be made on dissolution.



(b) From the following particulars prepare a branch account showing the profit or loss at the branch.

	Rs.
Opening stock at the branch	15,000
Goods sent to the branch	45,000
Sales	60,000
Salaries	5,000
Other expenses	2,000

Closing stock could not be ascertained but it is known that the branch usually sells at cost plus 20%. The branch manager is entitled to a commission of 5% on the profit of the branch before charging such commission.

12. (a) Apportion the following expenses on the basis of cost of goods sold ratio among the four department, A, B, C and D:

Sales (Rs.) A : 2,00,000; B : 1,50,000; C : 1,00,000; D : 50,000

G.P. Ratio : 20% on sales.

Expenses : Salaries Rs. 6,000; Rent and Rates Rs. 1,500; Insurance Rs. 1,300.

Or

Credit sales	8,000
Opening stock	10,000
Closing stock	11,000

17. The following purchases were made by a business house having three departments.

Dept. A – 1,000 units  
 Dept. B – 2,000 units  
 Dept. C – 2,400 units } at a total cost of  
 Rs. 1,00,000

Stocks on 1<sup>st</sup> January were:

Dept. A – 120 units  
 Dept. B – 80 units  
 Dept. C – 152 units

Sales were:

Dept. A – 1020 units at Rs. 20 each  
 Dept. B – 1920 units at Rs. 22.50 each  
 Dept. C – 2496 units at Rs. 25 each

The rate of gross profit is same in each case.

Prepare Departmental trading account.

18. X purchased a typewriter on hire-purchase system. As per terms, he is required to pay Rs. 800 down, Rs. 400 at end of the first year Rs. 300 at the end of the second year and Rs. 700 at the end

14. (a) X and Y contribute Rs. 80,000 and Rs. 40,000 respectively by way of capital on which they agree to allow interest at 6% pa. Their respective share of profit is 2:3 and the business profit (before interest) for the year is Rs. 6,000. Show the relevant accounts to allocate interest on capitals.

(i) When partnership deed is silent in treating interest as a charge or an appropriation.  
 (ii) When partnership contracted to allow interest irrespective of profit.

Or

(b) In a partnership, partners are charged interest on drawing at 12% pa. During the year ended 31<sup>st</sup> December, 1992, a partner drew as follows:

	Rs.
Feb 1	1,500
May 1	5,500
June 30	1,500
October 31	6,500
December 31	2,000

What is the interest chargeable to the partner?



15. (a) P, Q and R share profits in proportion of  $\frac{1}{2}$ ,  $\frac{1}{4}$  and  $\frac{1}{4}$ . On the date of dissolution their balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	14,000	Sundry Assets	40,000
P's Capital	10,000		
Q's Capital	10,000		
R's Capital	6,000		
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	40,000		40,000

The assets realised Rs. 35,500, creditors were paid in full. Realisation expenses amounted to Rs. 1,500. Close the books of the firm.

Or

(b) R, S and M are partners sharing profits and losses as 2:2:1. Their balance sheet as at 30.6.91 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	4,000	Bank	5,000
Capitals: R	10,000	Debtors	4,000
S	4,000	Stock	5,000
M	2,000	Fixtures	2,000

Liabilities	Rs.	Assets	Rs.
Reserve Fund	5,000	Machinery	9,000
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	25,000		25,000

The decide to dissolve the business. The following are the amounts realised. Machinery Rs. 8,500; Furniture Rs. 1,500; Stock Rs. 7,000; and Debtors Rs. 3,700. Creditors allowed a discount of 2% and R agreed to bear all realization expenses. For this service, R is paid Rs. 120. Actual expenses amounted to Rs. 900 which was withdrawn by him from the firm. There was an unrecorded assets of Rs. 500 which was taken over by S at Rs. 400. Pass journal entries and prepare Revaluation A/c, Capital A/c's and Bank A/c.

### SECTION C — (3 x 10 = 30 marks)

Answer any THREE questions.

16. X Ltd. of Mumbai has a branch in Delhi. From the following data, prepare branch stock a/c under stock and debtors system.

	Rs.
Goods sent from HO.	50,000
Return's to HO.	1,000
Cash sales	35,500